

## Message Text

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PAGE 01 COLOMB 04749 021202Z  
ACTION NEA-10

INFO OCT-01 ISO-00 AGRE-00 SP-02 USIA-06 AID-05 EB-08  
NSC-05 TRSE-00 SS-15 STR-05 OMB-01 CEA-01 CIAE-00  
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03  
LAB-04 SIL-01 L-03 H-01 PA-01 PRS-01 /085 W  
-----031756 021221Z /10

P 021130Z DEC 77  
FM AMEMBASSY COLOMBO  
TO SECSTATE WASHDC PRIORITY 8900

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E.O. 11652: N/A  
TAGS: EAID, EAGR, CE

SUBJ: PROPOSED FY 1978 PL 480, TITLE I AGREEMENT

REF: (A) STATE 287159; (B) STATE 279760; (C) COLOMBO 4576;  
(D) 4060; (E) STATE 265504

1. UPON RECEIPT OF REFTEL A, A DRAFT COPY OF THE FY 78 AGREEMENT PROVIDED REFTEL B WAS GIVEN TO THE EXTERNAL RESOURCES DIVISION (ERD) ON DECEMBER 2. A FIRST DRAFT OF THE AGREED MINUTES BASED ON REFTELS A, B, AND OTHER COMMUNICATIONS FROM THE DEPARTMENT WAS ALSO PROVIDED TO THE ERD AT THE SAME TIME.

2. THE AID REPRESENTATIVE AND THE E/C OFFICER HAVE AN APPOINTMENT WITH ERD DIRECTOR VELYUTHAM ON TUESDAY, DECEMBER 6, FOR THE FIRST ROUND OF TALKS. THE EMBASSY OFFICERS WILL MAKE EVERY EFFORT TO COMPLETE NEGOTIATIONS BY DECEMBER 16. THE DEPARTMENT WILL BE KEPT INFORMED OF THE STATUS OF THE NEGOTIATIONS.

3. THE GOVERNMENT OF SRI LANKA (GSL) HAS REQUESTED 200,000 METRIC TONS OF WHEAT FLOUR, AND EMBASSY OFFICERS HAVE EXPLAINED IN GENERAL TERMS THE RATIONALE BEHIND NEGOTIATING AN AGREEMENT  
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FOR ONLY 100,000 TONS AT THIS TIME (REFTEL D). WHILE THE FINANCE MINISTER'S NOVEMBER 15 BUDGET SPEECH PRESENTED AN ECONOMIC REFORM PROGRAM ALONG THE LINES DESCRIBED IN REFTEL E AND OTHER EMBASSY MESSAGES, THE EMBASSY/USAID DOES NOT PLAN TO MAKE ITS RECOMMENDATION REGARDING THE SECOND 100,000 TONS UNTIL WE SEE EXACTLY WHAT ACTION THE GSL TAKES ON JANUARY 1 WITH REGARD TO FOOD SUBSIDIES (REFTEL C). DURING THE COURSE

OF THE NEGOTIATIONS, HOWEVER, GSL OFFICIALS ARE LIKELY TO ASK THAT SOME MENTION BE MADE IN THE AGREED MINUTES ABOUT THE POSSIBILITY OF AN AMENDMENT TO THE AGREEMENT FOR AN ADDITIONAL 100,000 TONS OF FLOUR.

4. ACTION REQUESTED: IN ACCORDANCE WITH THE INFORMATION PROVIDED IN REFTEL E, THE EMBASSY REQUESTS THE DEPARTMENT'S APPROVAL TO INCLUDE THE FOLLOWING STATEMENT IN THE AGREED MINUTES IF ASKED BY GSL OFFICIALS: QUOTE. THE APPROXIMATELY 100,000 METRIC TONS OF WHEAT FLOUR TO BE PROVIDED UNDER THIS AGREEMENT ARE CONSIDERED A BASELINE AMOUNT. HOWEVER, IN LIGHT OF THE AMBITIOUS ECONOMIC PROGRAM ANNOUNCED BY FINANCE MINISTER RONNIE DE MEL ON NOVEMBER 15, 1977, THE GOVERNMENT OF THE UNITED STATES WOULD BE PREPARED TO CONSIDER AMENDING THIS AGREEMENT FOR AN ADDITIONAL 100,000 METRIC TONS OF WHEAT FLOUR UPON RECEIPT OF A DETAILED ANALYSIS BY THE GOVERNMENT OF SRI LANKA OF THE NEED FOR THIS ADDITIONAL AMOUNT OF FLOUR. END QUOTE.

DECONTROL UPON SIGNATURE OF AGREEMENT.  
WRIGGINS

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## Message Attributes

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**Channel Indicators:** n/a  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
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**Disposition History:** n/a  
**Disposition Reason:**  
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**Original Handling Restrictions:** n/a  
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**Subject:** PROPOSED FY 1978 PL 480, TITLE I AGREEMENT  
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**To:** STATE  
**Type:** TE  
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